Supreme Court, U.S.
FILED
JUN 6 2003
OFFICE OF THE CLERK

No. 02-355

In the Supreme Court of the United States

SOUTHERN BUILDING CODE CONGRESS INTERNATIONAL, INC.,

Petitioner,

v.

PETER VEECK D/B/A REGIONAL WEB,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

PETITIONER'S SUPPLEMENTAL BRIEF

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Twice the Solicitor General's Office has addressed the issues raised by this case at the Court's request. The advice the SG gave in 1998 rested on sound analysis, and the Court properly accepted it. See Brief for the United States As *Amicus Curiae* in *Practice Management Info. Corp.* v. *American Medical Ass'n*, No. 97-1254 ("U.S. *PMIC* Br."). The contrary advice now being offered rests on muddled distinctions and should not be accepted. None of the three assertions on which the SG's current recommendation rests – that the decision below was correct, that there is no circuit split, and that the Court should await further litigation in other courts – withstands fair analysis.

I. THE DECISION BELOW WAS NOT CORRECT.

A. The Solicitor General's Office Was Right The First Time In Interpreting *Banks*.

The SG endorses the Fifth Circuit's position that "*Banks* stands for a general 'understanding that "the law" * * * is in the public domain and thus not amenable to copyright." (U.S. Br. 14.) He ignores the significance of the statement that *Banks* was concerned only with whether "the law" (as written by public officials) is "*amenable*" to copyright – that is, whether the public officials who "author" the law may *claim copyright* under the applicable statute. Five years ago, the petitioner in *PMIC* pressed the argument that the SG now embraces: that, under *Banks*, once the government incorporates privately written and copyrighted proposals as "the law," "no private organization can hold a copyright on such 'law.'" (U.S. *PMIC* Br. 6). The SG correctly disavowed that position as a distortion of *Banks* and the Copyright Act:

> "*Banks* has no application to the present case for two reasons. *Banks* addressed the copyright status of opinions written by judges to announce their decisions and reasoning in cases before them; ***it did not address any question regarding the copyright status of a work authored by a private entity***. The incorporation by

> reference of the CPT into federal regulations does not alter the fact that its author was the AMA, which wrote it as a private organization and not in the course of public employment. * * * Second, this Court's decision in *Banks* addressed the question whether a judicial opinion could receive copyright protection. ***This case by contrast concerns the termination of copyright protection for a work that was concededly entitled to such protection at the time it was written. Nothing in the Copyright Act – either at the time of*** **Banks** ***or at present – would permit a termination of copyright protection in these circumstances.***" U.S. *PMIC* Br. 6-7 (emphasis added).

The reasons why the SG correctly found *Banks* inapplicable in *PMIC* apply equally here. SBCCI authored its codes "as a private organization" and the work was "concededly entitled to [copyright] protection at the time it was written." The SG's current brief does not offer any reason for the about-face. Although the SG notes some differences between a model building code and other kinds of privately drafted standards that a government agency may choose to adopt as binding law, those differences are irrelevant to the soundness of the legal analysis the SG originally provided to the Court: *Banks* concerns only the question of the initial copyrightability of an official's writing in the first instance; nothing in the Copyright Act strips copyright protection from the private creator of a writing simply because a government agency requires its citizens to comply with requirements set forth in the copyrighted text.

The SG inexplicably has flipped on a purely legal question. He has not tried to explain why it now would become sound policy to undermine the widespread practice, followed by thousands of federal, state and local agencies, of relying on privately-authored, *copyrighted* codes and standards in carrying out their regulatory responsibilities.

As we have explained (Pet. 16-18), the Second and Ninth Circuits have correctly interpreted *Banks* as resting on two grounds: First, the product of public officials who draft the law does not qualify for a copyright under the Copyright Act; second, there is a constitutional policy promoting easy access to the law. *PMIC*, 121 F.3d 516, 518-519 (9th Cir. 1997); *County of Suffolk* v. *First Am. Real Estate Solutions*, 261 F.3d 179, 193-195 (2d Cir. 2001). Since neither ground is implicated in this case, *Banks* provides no basis for depriving SBCCI of the fruits of its validly acquired copyright.

Despite his position in *PMIC*, the SG now asserts that preserving copyrights for the drafters of model codes would allow any persons "who contribute to writing 'the law,' such as lobbyists or law professors," to claim copyrights. (U.S. Br. 16). This new concern is fanciful. For over a century, organizations like SBCCI have been drafting and copyrighting model codes and standards. As Judge Higginbotham explained in dissent below, thousands of units of government have chosen to draw upon those copyrighted materials *by incorporating them by reference*, rather than to draft the text of the laws themselves. In this way, they have respected the condition on which the copyrighted material was proffered. By contrast, there is not a single example of lobbyists or professors claiming a copyright in statutes based on their work. If a lobbyist were foolish enough to tender a draft statute with a copyright string attached, the legislature would have the option – which it surely would exercise – to reject the proposal entirely or craft its own text.

B. The Solicitor General Does Not Come To Grips With The Controlling Statutes.

One of the astonishing aspects of the SG's brief is that it fails to point to any section of the Copyright Act that purportedly would *authorize* stripping away copyright protection, once validly acquired, because the government subsequently incorporated the copyrighted material.

Instead, the SG simply asserts that 17 U.S.C. § 201(e), which expressly *prohibits* involuntary dilution of copyrights by government action, only protects *natural persons* who create copyrighted works, not *organizations* like SBCCI. (U.S. Br. 17-18). The SG cites no authority for his *ipse dixit* declaring that, by using the term "individual author," Congress intended only to protect the copyrights of natural persons, not those of organizations such as universities or book publishers. On the contrary, "individual" means "indivisible entity" or "a single person or thing." BLACK'S LAW DICTIONARY 777 (1997 ed.). The SG offers no reason why Congress would have intended to leave the institutions that create copyrighted works to the mercy of thousands of governmental units, so that they could freely use copyrighted work for their own regulatory purposes and, as the SG sees it, thus thrust the copyrighted work into the public domain.

Similarly unwarranted is the SG's attempt to limit § 201(e) to "government actions avowedly intended to coerce" the forfeiture of copyright. (U.S. Br. 17). The statutory text sweeps more broadly. It directs the courts to give no effect to *any* governmental "action purporting to * * * transfer" a person's copyright. This proscription encompasses the "action" the SG sees as "transferring" SBCCI's copyrighted model codes into the public domain. In both plain language and manifest purpose, § 201(e) bars that result.

The SG also claims that § 201(e) only applies to coercive acts of foreign despots (U.S. Br. 17 n.7), but that is shockingly bad history. Two predecessor bills introduced in the House and the Senate would have addressed only expropriations by a "foreign" government or "foreign state or nation." S. Rep. No. 1359, 93d Cong., 1st Sess. (1973); H.R. 2223, 94th Cong., 1st Sess. (1975). But the breadth of the protection was increased by the time § 201(e) became law. It protects copyright owners from any "action by *any governmental body* or other official" (emphasis added). The SG simply ignores the actual text of the statute.

Moreover, a substantial issue under the Takings Clause would arise, if the SG were correct in interpreting § 201(e) to permit the destruction of copyright protection by any governmental unit that chooses to make use of a copyrighted work. The desire to avoid precipitating such a constitutional problem led the Second and Ninth Circuits to hold that incorporation by reference does not undermine continuing copyright protection in these circumstances. See *CCC Info. Servs., Inc.* v. *Maclean Hunter Market Reports, Inc.*, 44 F.3d 61, 74 (2d Cir. 1994); *PMIC*, 121 F.3d at 520.

The SG speculates that SBCCI "presumably" would not have a takings claim and that *CCC* "seems inapposite," because "SBCCI invited the towns to enact its building code." (U.S. Br. 14 n.5). SBCCI, however, invited a *limited use* of its codes – incorporation by reference – but explicitly reserved its copyrights. Abandonment of copyright requires that the holder clearly demonstrate an intent to abandon the right. *E.g.*, *Dam Things from Denmark* v. *Russ Berrie & Co.*, 290 F.3d 548, 560 (3d Cir. 2002). The offer of a limited use, while preserving the owner's copyright, cannot be considered a waiver of all the rights in the property owner's bundle.

The SG's only mention of the National Technology Transfer and Advancement Act is to comment that it has not been violated. (U.S. Br. at 18-19). No one suggests that it was. The statute embodies a congressional policy requiring federal agencies to use privately-developed, copyrighted model codes and standards. In a stunning omission, the SG simply ignores the most directly relevant and explicit government policy on the question before the Court. It appears in OMB Circular A-119 issued by the agency that administers the Act. See *Chevron U.S.A., Inc.* v. *Natural Res. Def. Council*, 467 U.S. 837, 842-43 (1984). OMB commands that, when agencies incorporate copyrighted model codes and standards, they "***must observe and protect the rights of the copyright holder***." (Pet. 16, emphasis added). This directive rests on the premise, denied by the SG,

that copyright protection *survives* the agency's incorporation.

The SG admits there are "more than 7,000 references to privately developed codes and standards" in the C.F.R. (U.S. Br. 19). Without exception, as far as we know, every one of these incorporations by dozens of federal agencies proceeds on this previously settled premise: that copyright protection survives the agency's action. The agencies honor the continuing copyright, refraining from publishing the copyright owner's text or purporting to authorize others to do so. Instead, they make the text accessible on the same terms on which SBCCI's codes were available to Veeck: they are available for inspection in the adopting agency's office or for purchase from the copyright holder. (See Pet. 27-28).

Finally, as the SG notes, federal agencies (like their state and local counterparts) have pervasively incorporated privately copyrighted "codes and standards" (U.S. Br. 19) without distinguishing between the labels attached to particular formulations. They also have never considered it pertinent whether a particular formulation contained suggested enforcement mechanisms that the agency adopts (including suggested levels of criminal penalties for violation) or whether the enforcement regime is supplied by a separate federal, state or local statute. Nor has any agency at any level of government ever deemed it pertinent to consider whether the privately drafted copyrighted proposals are intended primarily (or even exclusively) for adoption as legal requirements or whether they also may have some voluntary, normative or educational role (as virtually all do, including SBCCI model codes). However these materials are characterized, drafted, or used in other settings, they are entitled to equal status in copyright law, even after a governmental unit makes them legally binding. If their creators intend to maintain their copyrights, nothing in the Copyright Act throws their property into the public domain.

II. A GENUINE CONFLICT EXISTS.

The SG acknowledges only one case as being on all fours with this one, the First Circuit's 1980 decision in *BOCA*, which he says is aligned with the majority below. He recites a litany of facts that supposedly distinguish this case from the Second and Ninth Circuit decisions that reached the contrary result. The SG is wrong on both counts.

The SG writes as if the First Circuit's *BOCA* decision had settled the issue in the infringer's favor. However, as the First Circuit itself recently explained in a decision the SG neglects to mention, the court in *BOCA* had "emphasized * * * strongly that it declined to reach a definitive conclusion." See *John G. Danielson, Inc.* v. *Winchester-Conant Properties, Inc.*, 322 F.3d 26, 39 (1st Cir. 2003). Indeed, the court suggested that, in light of the intervening decisions in other circuits, it might depart from the dictum on which the SG relies: "There are compelling arguments on both sides of the question we reserved in *BOCA*." *Id.* at 40.

Furthermore, as we noted in the Petition (at 9), the *BOCA* case was resolved on remand in an order in which the infringer "acknowledges the validity" of BOCA's copyright over the text of the State Building Code "based on Plaintiff's Basic Building Code/1978." Thus, the SG is off base in suggesting that it was *BOCA*, rather than the decision below, that jeopardizes the copyrights owned and enforced by dozens of private, not-for-profit organizations.

Turning to the existing conflict, the SG's recital of irrelevant factual distinctions cannot mask the conflict between the decision of the *en banc* majority below and the decisions of the Second and Ninth Circuits, which the six dissenting judges termed "diametrically opposite" (Pet. App. 39a) to the majority's holding. The Ninth Circuit expressly declared that its holding protected the copyrights in "privately authored model codes." *PMIC*, 121 F.3d at 519. The Second Circuit expressly refused to follow the *BOCA*

analysis on which the SG relies. *CCC*, 44 F.3d at 73-74. The SG completely ignores the square conflict over whether the "merger" doctrine applies when the government makes copyrighted proposals legally binding (see Pet. 11-12, 21-22). As the First Circuit recently observed, the circuits have reached at least "arguably inconsistent results" on the issues before the Court. *Danielson*, 322 F.3d at 38.

The SG's "distinctions" are pettifogging. He claims that SBCCI's model codes (like hundreds of other model codes and standards adopted by federal, state and local agencies) were designed to regulate "primary conduct," while the standards incorporated in the Second and Ninth Circuit cases also had other uses. That distinction is not only false but irrelevant. In all cases, the government agency decided to *require* the regulated persons to conform their conduct with privately developed standards, if they want to engage in the regulated activity: providing medical services covered by Medicare, selling automobile insurance, or constructing buildings. The ensuing copyright issue is the same: Does the government's decision to make the copyrighted proposals *binding* place the copyrighted material in the public domain? The First Circuit said maybe. The Second and Ninth Circuits said no. And nine of fifteen Fifth Circuit judges said yes.

Equally bewildering is the SG's assertion that the cases are somehow distinguishable because the standards at issue in *CCC* and *PMIC* "did not themselves regulate any conduct." (U.S. Br. 12). But neither did SBCCI's model building codes – until particular jurisdictions decided to require compliance. In all of the cases the proposed standards, including those contained in SBCCI codes, were merely a resource for professionals to consult and use voluntarily, if they chose to do so, unless and until the government required compliance with the standards as a condition of engaging in the regulated activity.

Another baffling "distinction" is that SBCCI's model

codes contain suggested enforcement penalties (which jurisdictions may adopt or not adopt), but the standards at issue in *PMIC* and *CCC* did not. The SG never bothers to explain why this "distinction" is relevant to determining whether a concededly valid copyright is lost when a jurisdiction elects to adopt this aspect of the proposal rather than to enact or apply a separate enforcement mechanism.

This case would be certworthy even in the absence of a circuit conflict. There is a 9-to-6 split over the meaning of this Court's century-old *Banks* decision. The case is exceptionally important to every American who expects accurate and up-to-date standards to govern safety, in homes, offices, factories, hospitals and schools.

III. FURTHER DELAY IN RESOLVING THE ISSUES WOULD NOT BE IN THE PUBLIC INTEREST.

The SG acknowledges that the "continued ability of private standards organizations to develop and update their materials at a high level of quality is of substantial importance to the federal government * * *." (U.S. Br. 19). For similar reasons, organizations representing thousands of state and local officials and agencies have appeared as *amici curiae* to urge the Court to grant review. The SG recognizes that eventually this Court will have to address these issues. (U.S. Br. 19-21). Yet he urges delay, suggesting that "further development of this area of the law by the lower courts will likely clarify the effect on standards organizations." (*Id.* 19).

That suggestion is unwise. Record evidence, widespread concern by numerous *amici curiae*, and common sense show that the Fifth Circuit's ruling will undermine the ability of these organizations to maintain their operations. The SG speculates that the Fifth Circuit's decision may not necessarily strip *all* model codes and standards of their copyright protection, because courts may draw unspecified distinctions among "the various settings in which the government uses privately copyrighted material." (U.S. Br.

16-17). But the Fifth Circuit's decision undercuts important and widely-adopted codes and standards, the very texts about which the government should be most concerned. The texts created by the other building code organizations (*amici* ICBO, BOCA, and ICC) are materially indistinguishable in form and governmental use from SBCCI's codes. Thousands of federal, state and local government units have adopted their codes. Those organizations provided evidence to the district court explaining that substantial reduction of their copyright revenues would "eventually destroy" their "ability to produce" their codes. R.154, 165, 178.

Moreover, major, comprehensive codes similar in scope and governmental use to the building codes, such as *amicus* NFPA's National Electrical Code and *amicus* ASME's Boiler and Pressure Vessel Code (which covers everything from home boilers to nuclear power plants) also are affected by the Fifth Circuit's rule. The Fifth Circuit's position, embraced by the SG, is that once *any* jurisdiction has adopted a code by reference, *anyone* may post it on the internet as Veeck did. Thus, it takes only *one* governmental use to throw the entire copyrighted work into the public domain. The record shows that these not-for-profit organizations operate on thin margins and derive from 33 to 90% of their revenues from copyright royalty sales. Common sense demonstrates that, if their material is available for free (or for a lower cost from publishers who bear no development costs), substantial revenues will drain away, forcing these organizations at least to curtail their operations severely.

It is cavalier to suggest that all these organizations and dozens of others, as well as the governmental bodies that depend on them, should be left in a legal limbo while more copyright disputes percolate in other circuits. The issues have been addressed by four circuits (including three extensive opinions in the 9-to-6 *en banc* decision below), by the major copyright treatises and by several other commentators. The issues are more than ripe for review in this case.

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